

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.



Better Marketing



Division of Marketing and Marketing Agreements

• AGRICULTURAL • ADJUSTMENT • ADMINISTRATION •

Vol. 3

BETTER MARKETING, AUGUST 6, 1938

No. 2

NEW YORK MILK PLAN AWAITS FINAL MOVES

Federal-State Orders Would Regulate Handling of Milk in World's Largest Market

Federal-State regulation of the handling of milk in the metropolitan New York marketing area, the world's largest milk market, is contemplated under a program upon which final action remains to be taken by producers, handlers, and the two governmental agencies concerned.

Complementary orders issued by the Secretary of Agriculture and the New York State Commissioner of Agriculture and Markets would make the Federal-State program applicable to all handlers of milk in the marketing area. The proposal was considered at a series of public hearings held jointly by the State and Federal Governments from May 16 to June 8.

Producer Support

Developed by producer interests working through the Metropolitan Cooperative Milk Producers' Bargaining Agency, an organization of cooperatives claiming over 43,000 producer members, the program seeks to provide a market-wide plan under which handlers will buy their milk.

Provisions of the program, redrafted on the basis of the record of the hearings, were submitted to interested parties giving opportunity until August 2 to file written arguments for or against them. Arguments filed by milk handlers expressed opposition to the provisions of the program, while support was indicated in arguments filed by producer interests.

Provisions of Plan

Main points of the program govern:

(1) Establishment of minimum prices which handlers would be required to pay producers for each class of milk; (2) the classification of milk received from producers at the handler's plant into nine classes according to the form in which it is on hand or leaves such plant; (3) the establishment of a method for making payments to producers and the use of a market-wide pool plan to assure producers a fair share of the fluid milk market; and (4) the selection of a market administrator to administer the program.

Minimum prices to producers for each class of milk would be set up under the marketing program by a flexible method

(Continued on p. 2)

Watermelon Handlers Are Enjoined From Violating Marketing Program

Four handlers who shipped watermelons to markets in violation of grade regulations issued under the southeastern watermelon marketing-agreement program, were enjoined during July from further violations by Federal district courts.

The bills of complaint filed with the courts against the handlers charged them with failure to comply with the provisions of the marketing agreement and order which regulates the handling of watermelons grown in Florida, Georgia, South Carolina, and North Carolina. Specific charges include the failure of the handlers to have their shipments of watermelons inspected for compliance with grade regulations; failure to have inspection certificates as evidence of such inspection; and failure to make reports of their shipping operations to the marketing-agreement program control committee.

Regulations issued under the marketing-agreement program are designed to improve the quality of watermelons marketed. Since May 20 regulations have been in effect limiting interstate shipments of watermelons grading U. S. No. 1. The watermelon marketing-agreement program for the Southeastern States, which was developed by growers and handlers, was made effective in August 1934, and has been in operation each season since.

BILLION POUNDS SURPLUS FARM PRODUCTS BOUGHT

Other Products Diverted to New Outlets; Total Expenditure at \$58,000,000

Approximately \$58,000,000 was spent during the 1937-38 fiscal year in buying for relief distribution surpluses of over 40 different agricultural commodities and for the operation of 18 diversion programs for developing new uses, encouraging new domestic markets and exports of farm products.

The purchases of commodities, distributed for relief use by State welfare agencies, were made by the Federal Surplus Commodities Corporation to remove surpluses and to help farmers improve selling conditions. More than 1,000,000,000 pounds of foodstuffs were procured.

(Continued on p. 3)

STATES TO MATCH FUNDS IN CATTLE DISEASE WORK

Indemnity Payments Reduced to Owners of Cattle Reacting to Disease Eradication Tests

A reduction in Federal indemnity payments to owners of cattle which react to tests, together with State matching of Federal funds, are among the principal changes required by Congressional action in the operation of bovine disease eradication programs, the Dairy Section reports.

To continue the bovine disease eradication programs, during the present fiscal year, Congress appropriated \$5,403,000, together with the unobligated balances of the funds made available for the last fiscal year which ended June 30, 1938. It is believed that this appropriation will provide sufficient funds to carry on the work at its present level.

Matching of Funds

In the past fiscal year which ended June 30, Congress by implication placed the several States on notice that they would be expected to supplement the Federal indemnity payments with State funds for both the tuberculosis and Bang's disease programs. New provisions were accordingly written into the present act for the eradication of bovine diseases. The provisions require a material change in the methods of the payment of indemnities to the owners of reacting cattle, and also require State participation in the work by a specified time.

Congress has provided that indemnity payments may be made for cattle reacting to the blood test for Bang's disease prior to May 1, 1939, even though the State has made no payment or has not equaled the Federal indemnity payments. On or after May 1, 1939, no Federal payments made on reactors to the Bang's test shall exceed the amount paid or to be paid by the State.

In other words, Congress has given the States sufficient time to enable them to enact laws and make appropriations to supplement the Federal indemnity payments. If a State fails to appropriate monies for indemnity payments by May 1, 1939, no Federal funds will be made available to the State for that purpose.

Congress has also provided that on and after July 1, 1938, Federal indemnity payments shall be reduced in both the tuber-

(Continued on p. 4)



F. R. WILCOX, *Director*

BETTER MARKETING is issued as a means of communicating to workers and cooperators of the Division of Marketing and Marketing Agreements information relative to the Division's activities under the Agricultural Adjustment Act and related Acts

UNITED STATES
DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION
WASHINGTON, D. C.

NATHAN KOENIG • *Editor* • BETTER MARKETING

NEW YORK MILK

(Continued from p. 1)

prescribed to give recognition to seasonal changes in production and variations in general economic conditions. The class I, or fluid milk price, under this method contained in the program, would vary from the season of flush production to the season when milk production is short, depending upon the range of butter prices in the New York market.

The New York metropolitan marketing area is defined as the city of New York, and the counties of Nassau, Suffolk, and Westchester, all in the State of New York. Between 60,000 and 70,000 dairymen in New York, Pennsylvania, New Jersey, Connecticut, Massachusetts, and Vermont produce milk for the New York metropolitan area. About 1 out of every 3 pounds of milk received in the New York market is shipped in from outside the State.

An average of approximately 13,000,000 pounds of milk is delivered daily by producers to plants qualified by New York City health authorities. About half of this volume of milk is shipped to the marketing area in fluid form, the remainder being manufactured into cream and other dairy products for the market.

Federal Aid Needed

New York passed a State milk control act in 1933, the first of its kind in the United States, to supplement farmers' cooperative efforts. This law was upheld by the United States Supreme Court, but the legislation did not operate to the satisfaction of most producers because distributors obtained milk supplies from outside the State. Price of this milk from outside the State was not controlled by the State law.

An act, known as the Rogers-Allen Act, authorizing cooperative associations of producers to bargain collectively with milk distributors, was adopted in 1937 to replace the State control law.

The Metropolitan Cooperative Milk Producers' Bargaining Agency then was organized to utilize the regulatory and bargaining features of the act. The measure permits the New York State Commissioner of Agriculture and Markets to issue orders under certain conditions if the bargaining system fails to produce satisfactory results. A number of New York milk distributors do busi-

ness with the agency, but many buy at their own prices from producers.

The orders issued under the Rogers-Allen Act may fix prices paid to dairymen by distributors in the State of New York, but do not apply to dairymen in the milkshed outside the State. Consequently, producers have asked the help of the Federal Government in regulating the handling of milk in the current of interstate commerce.

Testimony at the hearings in May and June showed that during the latter part of May milk prices to producers ranged from \$1.30 to \$1.70 per hundredweight. Since then prices paid dairymen have hit new low levels, many producers receiving a June price below \$1 per hundred pounds of milk.

MARKETING AGREEMENT EFFECTIVE ON PRUNES

Program to Enable Industry to Adjust Shipments Applies to Counties in Oregon and Washington

A marketing agreement program designed to enable growers and handlers of prunes produced in Umatilla County, Ore., and in Walla Walla and Columbia Counties, Wash., to improve selling conditions by adjusting shipments more nearly in keeping with market requirements, became effective July 23 under a marketing agreement and order.

The main provisions of the plan relate to: Adjustment of shipments on a volume basis to quantities advisable for shipment daily, or for longer periods; adjustment of shipments by grades; filing and posting of selling prices; and the establishment of a nine-member control committee to administer the program. The control committee would be composed of four handler members, three grower members representing the Blue Mountain Prune Growers' Cooperative, one grower member to represent non-members of the cooperative organization, and one grower member to represent all prune growers of the area. Nominees for the control committee will be named at grower and handler meetings to be held soon.

The marketing agreement was signed by handlers representing more than 61 percent of the total carlot shipments of prunes from this area in 1936 and 1937.

More than 200 prune growers, representing about 65 percent of the average production in 1936 and 1937 in the area covered by the program, voted in a referendum held in June and July. Nearly 86 percent of the growers voting favored issuance of the order which embodies the provisions of the agreement and makes the program applicable to all handlers. The affirmative vote was more than 74 percent of the 1937 production and about 77 percent of the 1936 production represented by the total vote.

The Marketing Agreement Act of 1937 authorizes the issuance of an order making the program applicable to all handlers if such action is favored by two-thirds of the growers voting in the referendum and if the agreement is signed by handlers representing 50 percent of the volume of the commodity.

POTATO MARKETING PLAN AWAITS INDUSTRY ACTION

Marketing Agreement Before Handlers for Signature; Growers to Vote in Referendum

A marketing agreement program for potatoes grown in 15 late producing States which provides for elimination of culls and Federal-State inspection of interstate shipments is awaiting the approval of growers and handlers.

A marketing agreement which provides for the program is now before handlers for signature. A referendum will be held August 19 to 24 among growers to determine whether they favor the issuance of an order embodying the provisions of the agreement. The order would make the program applicable to all handlers of potatoes grown in the 15 States.

The agreement and order may go into effect if handlers of more than 50 percent of the volume of potatoes sign the agreement and two-thirds of the producers, by number or by volume of potatoes, voting in the referendum favor the issuance of the order. If the producer vote is favorable, but the required number of handlers fail to sign the agreement, the order may be issued with Presidential approval.

States Included

States in which the referendum will be held are: Maine, New York, New Jersey, Michigan, Wisconsin, Minnesota, North Dakota, Nebraska, Colorado, Idaho, Wyoming, Utah, Oregon, Washington, and California. The program would apply in several or all counties of these States. The referendum will be held only in counties in which the program would apply.

The marketing agreement program, as modified on the basis of a public hearing held in June, would be effective until July 31, 1941, unless previously terminated. The Secretary of Agriculture is required to terminate the program at the end of any crop year if such action is favored by a majority of growers voting in a referendum.

Approximately 90 percent of the late potatoes are shipped to interstate markets from the area included in the marketing agreement program. It was developed by growers following a Washington conference. Delegates to the conference agreed on the necessity of developing marketing agreement programs which would be available from year to year and which would be sufficiently flexible in operation to meet the varying conditions of the different producing areas.

Provisions of Program

The elimination of cull potatoes in interstate shipments and Federal-State inspection of such shipments are the two major provisions of the proposed program. These provisions are required during the operation of the program. They are basically similar to the plan under which the producers of several northern and western States marketed their 1937 potato crop.

COTTON MAY TAKE PLACE OF JUTE AS BALE COVER

Tests To Be Conducted on Use of Cotton Bagging Material Covering Million Bales Cotton

The manufacture and sale of newly developed cotton bagging material sufficient to cover 1,000,000 bales is to be encouraged under a program designed to test the use of cotton as a covering for bales.

Use of cotton for this purpose has long been advocated in the South as a means of increasing domestic consumption of the fiber. The program is considered to be large enough so as to clearly indicate the practicable worth of cotton baling material. Sale of the cotton bagging will be confined to one-variety or improved cotton communities in order to make possible an adequate check of the results of the program.

Under the plan, manufacturers may submit offers to make and sell the specified bagging material manufactured in the United States from cotton produced in the United States to producers, gins, or oil mills in one-variety or improved cotton areas, or to the bagging trade or others for resale to such persons.

Indemnity Payments

Indemnity payments will be made to those whose applications and bids are approved and who sell the bagging material at not more than 45 cents per "pattern." A pattern consists of 6 yards, sufficient to cover a bale of cotton.

Manufacturers will submit bids on the amount of indemnity required to enable them to sell the bagging at 45 cents per pattern, f. o. b. shipping point. Payments will be made on the quantity sold or under contract for sale to eligible purchasers prior to July 1, 1939, and delivered prior to October 1, 1939. The bagging will be sold on a cash on delivery basis except in those instances in which manufacturers extend credit to purchasers at terms agreed upon between buyer and seller.

Applications and bids are to be forwarded to the Marketing Section, Agricultural Adjustment Administration, Room 2745, South Building, Department of Agriculture, Washington, D. C. The applications and bids must be received before 2 p. m., August 12, 1938, when all bids will be publicly opened and read.

Use Encouraged

While manufacturers taking part in the program are expected to undertake the responsibility of the sales program, the Marketing Section will inform State Directors of Extension, County Agricultural Agents, cotton gins, cotton cooperative associations, and others about the program and from whom the bale covering may be bought. The program provides that if purchases from any successful bidder do not equal 10,000 patterns, the Secretary of Agriculture will purchase or arrange for the purchase of the difference between actual purchases and 10,000 patterns.

In a smaller way cotton patterns were tested out last year in a miscellaneous

cotton diversion program under which about 16,000 bale coverings were supplied to 21 cooperating agencies. This program demonstrated the usefulness of cotton for this purpose.

Primarily, the program is designed to encourage greater use of American cotton. A normal crop of cotton for the United States would require the use of about 75 million yards of bagging material or the equivalent of about 135,000 bales of cotton.

SURPLUS PRODUCTS

(Continued from p. 1)

Approximately \$49,500,000 was spent for this purpose.

Products bought by the Corporation during the 1937-38 fiscal year were made available to the States for distribution to families certified to be on relief. An average of over 2,000,000 families a month received the products. The State welfare agencies were required to give the commodities to these families only as an addition to supplies which they already were receiving from other sources or were able to buy. This requirement aimed at effecting a net increase in consumption and contributing toward a more adequate diet.

For New Outlets

The operation of diversion programs for developing new uses and encouraging new domestic markets and exports for agricultural surpluses took slightly more than \$8,500,000 of the funds available to the Secretary of Agriculture during the 1937-38 fiscal year. These programs were conducted by the Agricultural Adjustment Administration.

Programs for diverting surplus farm products either by purchase or other methods, operate under the provisions of section 32 of the 1935 amendments to the Agricultural Adjustment Act. This section makes available to the Secretary of Agriculture an amount equal to 30 percent of annual customs receipts for surplus removal operations to encourage domestic consumption by purchases for relief use and for developing new uses and encouraging domestic and foreign markets. Of the \$58,000,000 expended for surplus removal operations during the 1937-38 fiscal year, approximately \$54,500,000 was derived from funds made available to the Secretary of Agriculture under provisions of section 32, and slightly over \$3,500,000 came from funds turned over to the Federal Surplus Commodities Corporation by its predecessor the Federal Surplus Relief Corporation.

Funds Available

Section 32 funds for the 1937-38 fiscal year amounted to slightly over \$125,000,000, a portion of which was earmarked by Congress for cotton price adjustment payments and other uses.

For the 1938-39 fiscal year, the Secretary of Agriculture will have around \$79,000,000 available for surplus removal and diversion operations since part of the section 32 funds for the current fiscal year again was set aside for cotton price adjustment payments.

SURVEY SHOWS EXTENT UNFILLED RELIEF NEED

States Report Additional Foodstuffs Needed to Supply Adequate Diet to Needy Families

Relief channels, according to a survey completed by the Federal Surplus Commodities Corporation, can use annually about three times the quantity of surplus farm products received during the past year in order to achieve a more adequate diet for needy families.

The survey, conducted at the request of the Secretary of Agriculture, was for the purpose of determining the extent of unfilled need for food among people on relief in the various States. State welfare agencies were requested to indicate the quantities of the several classes of commodities which the Corporation can supply under existing rates of distribution to decrease the difference between what relief families are able to purchase and what these families require for an adequate diet.

What Reports Show

A summary of the reports shows that the States and the District of Columbia could advantageously use foodstuffs for distribution to 2,626,000 families certified to be on relief. The monthly requirements of the various classes of

(Continued on p. 4)

Among the surplus commodities bought during the 1937-38 fiscal year for distribution to relief families were the following:

Over 4,300,000 bushels of white potatoes; 21,500,000 pounds of dry skim milk; 15,000,000 pounds of butter; 3,400,000 pounds of American cheese; 39,900,000 pounds of whole wheat cereal; 73,100,000 pounds of rice; 1,700,000 pounds of potato flour; 2,400,000 barrels of wheat flour; 56,800,000 pounds of dried beans; 6,000,000 pounds of dried peas; 33,600,000 pounds of cabbage; 2,500,000 pounds of dried peaches; 109,800,000 pounds of dried prunes; 2,900,000 pounds of dried apricots; 30,000,000 pounds of raisins; 14,500,000 pounds of dried apples; 5,600,000 bushels of fresh apples; 8,700,000 pounds of cottonseed oil shortening; 500,000 cases of grapefruit juice; 400,000 boxes of fresh grapefruit; 269,000 cases of eggs; and 800,000 pounds of potato starch.

Among diversion programs in operation during the 1937-38 fiscal year, and the quantities of the commodities involved, were the following: Exports of over 480,000 barrels of flour to the Philippines; exports of 3,600,000 pounds of unshelled pecans, and 500,000 pounds of shelled pecans; exports and diversion into shelling channels of 31,600,000 pounds of walnuts; diversion of 7,400,000 bushels of potatoes to starch and livestock feed; diversion of over 3,100,000 pounds of sweet potatoes into starch; diversion of approximately \$3,000 tons of peanuts into oil; diversion of 14,700,000 pounds of tobacco for nicotine and new byproduct uses; and over 1,500,000 square yards of cotton for new uses.

INTERMEDIATE STATES POTATO PROGRAM OUT

Lack of Uniform Producer Support Results in Decision Against Making Plan Effective

Lack of uniform producer support for a marketing agreement program designed to prevent interstate shipment of low-grade potatoes as a means of improving returns to growers of potatoes in 13 early and intermediate States, has resulted in a decision against putting the plan into effect.

More than 7,300 eligible producers voted in a referendum held in the 8 proposed administrative areas in the 13 States. Approximately 75 percent favored issuance of an order to make the plan effective. However, the favorable vote was less than 66½ percent in 4 of the areas and less than 50 percent in 2. Six of the 13 States returned less than a two-thirds favorable vote, and of these, three States—California, Maryland, and South Carolina—favored the program by less than 50 percent.

While the over-all vote was sufficient to make the program effective, it would not have been feasible to make it applicable in some areas and not in others. At the time the referendum was held, growers in some areas believed that their local vote would determine whether or not the program would be adopted for their area.

Although the decision made will undoubtedly disappoint growers generally in the 13 States, it should provide a better basis for successful programs in the future.

The States to which the program would have applied are Alabama, Arkansas, California, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Texas, and Virginia.

Suits Pending Against 14 Handlers in Cincinnati Milk Marketing Area

Bills of complaint seeking permanent injunctions against 14 handlers charged with violating the order regulating the handling of milk in the Cincinnati, Ohio, marketing area, are on file and awaiting action in the United States District Court for the Southern District of Ohio, Western Division.

Suits were filed June 24 against three handlers in the Cincinnati marketing area. The court has scheduled these suits for hearing October 4. Suits against 11 additional handlers were filed July 18.

Administrative hearings were held in Cincinnati on petitions filed by a group of handlers seeking exemptions from the order and a review of its provisions. The group of handlers includes the 14 defendants against whom complaints have been filed, and the Independent Cooperative Milk Association of Cincinnati which has the handlers under contract.

The bills of complaint point out that the failure of the handlers to comply with the provisions of the order results in a lower blended price paid to all producers in the Cincinnati market.

SURVEY RELIEF NEED

(Continued from p. 3)

foodstuffs to supplement supplies already being received by this number of relief families were shown by the survey to be as follows: Protein foods including flour and cereals, dried beans and peas, lean meat and fish, and dry skim milk, 207,200,000 pounds; butter, fats, lard, etc., 27,300,000 pounds; vegetables and fruits including potatoes, green vegetables, fresh fruits, and dried fruits, 160,200,000 pounds.

The total amount of foodstuffs which the survey indicates could be used on a yearly basis to achieve a more adequate diet for relief families is about three times as great as the total quantity of surplus farm products which the Federal Surplus Commodities Corporation is estimated to have bought during the 1937-38 fiscal year. The cost of the foodstuffs which the survey indicated the States could distribute for relief is estimated at slightly in excess of \$175,000,000.

Under section 32 of the 1935 amendments to the Agricultural Adjustment Act, an amount equal to 30 percent of customs receipts is made available annually for surplus relief purchases, for diversion to new uses and new markets, and for exports. In August 1937, Congress earmarked \$65,000,000 of the 1938-39 funds for cotton price adjustment payments, leaving \$79,000,000 available for surplus removal operations for the current fiscal year.

CATTLE DISEASE WORK

(Continued from p. 1)

culosis and Bang's disease programs. This reduction is accomplished by requiring that no payment as compensation for any cattle condemned for slaughter shall exceed one-third of the difference between the appraised value of such cattle and the value of the salvage and in no case shall any payment be more than \$25 for any grade animal or more than \$50 for any purebred animal. For example, assuming the appraised value of an animal at \$100 and the salvage value of the carcass at \$75, the difference between the appraised value and the salvage value would amount to \$25. In the past the Federal indemnity payment could have amounted to as much as \$25, but after July 1, 1938, the Federal payment will amount to one-third of \$25, or \$8.33½. In the tuberculosis eradication program Congress has provided that after July 1, 1938, the Federal indemnity payment made to owners of cattle reacting to the tuberculin test shall not exceed the amount paid by the State.

Already 12 States are supplementing the Federal indemnity payments with State funds, together with 3 States which have appropriated funds for operating expenses only. The States which have appropriated funds for indemnity payments are: Maine, \$47,000 biannually; New Hampshire, \$130,000 biannually; Delaware, \$80,000 biannually; Maryland, \$200,000 biannually; Virginia, \$160,000 biannually; New York, \$300,000 annually; Pennsylvania, \$800,000 biannually; Wisconsin, \$250,000 biannually, which is only to be spent in counties

GRAPE MARKETING PACT OPERATES IN ARKANSAS

Improved Selling Conditions for Growers Sought Through Marketing Agreement Program

A marketing agreement program for grapes grown in Washington, Benton, and Madison Counties in Arkansas became effective July 19. Developed by grape growers and handlers, and considered at a public hearing at Fayetteville, Ark., in March, the program under a marketing agreement and order seeks to assist the industry to improve selling conditions and returns to growers.

Under the program it will be possible for the industry to improve the quality of grapes shipped by grade regulations and by Federal-State inspection while such regulations are operative, and adjust the quantity of grapes shipped when supplies exceed market requirements.

Tentative Approval Given Toledo Milk Marketing Agreement Program

A marketing agreement program designed to regulate the handling of milk in the Toledo, Ohio, milk marketing area has been tentatively approved. The marketing agreement has been sent to handlers for their signatures. In a referendum producers will indicate whether they favor the issuance of an order in terms similar to those of the agreement.

The program was considered at public hearings held during May and June in Toledo.

where area testing is in progress; Florida, \$50,000 biannually; Washington, \$200,000 biannually; Mississippi, \$25,000 biannually; and West Virginia, \$11,000 annually. The other 3 States which have appropriated funds for operating expenses only are: Utah, \$40,000 biannually; Minnesota, \$135,000 annually; and Oklahoma, \$50,000 biannually.

Area Testing

As the Bang's disease program has progressed, it has become increasingly evident, to the State officials responsible for the work, that area testing is the most practical and satisfactory means available for the eradication of the disease.

An area generally consists of a township, county, or parish and after the State officials have obtained the consent of the majority of the producers in a given area or through the consent of the county commissioners, all breeding cattle 6 months of age and over are repeatedly tested until the disease has been reduced in infection to less than one-half of 1 percent. At the inception of the work an embargo is instituted prohibiting the entry into the area of any cattle that are not negative to the agglutination test for Bang's disease.

There are now 22 States, which include 290 counties or parishes, in which area testing is being conducted or has been entirely completed, and many more counties are signed up for this work and are on the waiting list.